



Temporary Order of Prohibition

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6. In the power-point presentation MATIN claimed that VELTEX had revenues in excess of \$70,000,000.00, and profits exceeding \$5,000,000.00 for 2006.
7. Furthermore, MATIN represented in the power point presentation that VELTEX had 200,000,000 authorized shares of stock, with 18,141,309 issued and outstanding as of September of 2006.
8. MATIN also directed Investor to review the VELTEX website where MATIN posted various press releases including a September 14, 2007, release where MATIN restated the above cited financial information regarding VELTEX and also reported that VELTEX had 18,000,000 shares of stock outstanding.
9. After reviewing the information MATIN provided Investor, including the VELTEX financial information MATIN disclosed on the VELTEX website, on October 3, 2007, Investor agreed to entered into a promissory note (the "Note") with MATIN and VELTEX.
10. The Note provided that MATIN and VELTEX, in consideration for \$100,000.00 from Investor, would pay Investor the principal plus fixed interest in the amount of \$10,000.00 on or before April 3, 2008.
11. The terms of the Note required MATIN and VELTEX to secure Investor's interest with unrestricted shares of VELTEX valued at \$110,000.00.
12. However, once MATIN obtained Investor's money he refused to secure the debt with VELTEX shares.
13. In reality, VELTEX did not have 18,000,000 shares outstanding as MATIN had reported in his September press release and in the power-point presentation he provided Investor.
14. MATIN underreported the number of shares outstanding by over ten million; the real number of shares outstanding on September 14, 2007, was 28,647,309.
15. At the time that Investor entered into the Note MATIN knew or should have known that the amount of outstanding shares of VELTEX stock he had reported in September was grossly misstated.
16. By underreporting the amount of VELTEX shares outstanding MATIN overvalued the stock.
17. MATIN also knew or should have know, at the time Investor entered the Note, that there were not enough unrestricted shares of VELTEX stock to secure the Note.
18. However, MATIN waited until October 16, 2007, almost two weeks after convincing Investor to enter into the Note, to correct the September 2007 press release and disclose that VELTEX had 28,647,309 shares outstanding.

19. MATIN also refused to provide Investor with other accurate material information relating to the financial stability of VELTEX, including, but not limited to:
  - a. The existence of a civil claim against Respondents filed in 2004 and resulting in a December, 2007, civil judgment against Respondents for \$868,690.00 that continues to be unpaid despite the subsequent issuance of a Writ of Execution for the judgment requiring Respondents to pay a 10% daily interest on the unpaid judgment; and
  - b. MATIN's refusal to disclose to Investor, and other VELTEX's shareholders, that as of December 2007 VELTEX had sold VELTEX's manufacturing operations.
20. MATIN failed to disclose that the financial statements provided to Investor did not account for sale of VELTEX's manufacturing operations, and failed to disclose the income statements did not address the impact of the sale on VELTEX's income from operations.
21. MATIN refused to pay Investor according to the terms of the Note when it matured on April 3, 2008, and continues to refuse to pay Investor.
22. Respondents' Note, as described above, constitutes an investment note as defined in Section 2.1 of the Illinois Securities Law of 1953, and, therefore, is a "Security." 815 ILCS 5/2.1 (the "Act" hereafter).
23. The activities described above constitute the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Act. 815 ILCS 5/2.5 and 2.5a.

**Securities Fraud**

24. Section 12.F of the Act states that it shall be a violation of the provisions of this Act for any person to, "engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof."
25. Section 12.G of the Act states that it shall be a violation of the provisions of this Act for any person to, "obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading."
26. Section 12.I of the Act states that it shall be a violation of the provisions of this Act for any person to, "employ any device, scheme, or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly."

27. By providing false VELTEX financial information to induce Investor to enter into the Note, underreporting the amount of shares outstanding, refusing to disclose material information regarding VELTEX's liabilities and sale of its assets, and refusing to secure the Note as well as refusing to pay Investor pursuant to the terms of the Note, MATIN has violated Sections 12.F, 12.G, and 12.I of the Act.

**PROHIBITION**

28. Section 11.F(2) of the Act provides, *inter alia*, that the Secretary of State may temporarily prohibit the offer or sale of securities by any person, without notice and prior hearing, if the Secretary of State shall deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors that will occur as a result of prior violations of the Act.
29. The entry of this **Temporary Order of Prohibition** prohibiting Respondent Javeed Matin, his agents, affiliates, successors and employees, from offering or selling securities in the State of Illinois is in the public interest and for the protection of the investing public and is consistent with the purposes intended by the provisions of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondent **JAVEED MATIN**, his partners, members, officers and directors, agents, employees, affiliates, successors and assigns, is **Temporarily Prohibited** from offering or selling securities in or from this State until the further Order of the Secretary of State.


NOTICE is hereby given that Respondent may request a hearing on this matter by transmitting such request in writing to the Director, Illinois Securities Department, 69 West Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of entry of the **Temporary Order of Prohibition**. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order of Prohibition and will extend the effectiveness of this Temporary Order of Prohibition for sixty (60) days from the date the hearing request is received by the Department.

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FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated: This 2<sup>nd</sup> day of February, 2009.



JESSE WHITE  
Secretary of State  
State of Illinois

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